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Agricultural Situation

EU Commission proposes regulation to increase budget for food program

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Report Highlights:

The European Commission has proposed to increase the current food distribution budget for the Most Deprived persons in the Union by about two thirds, from 300 million Euros in 2008 to about 500 million Euros in 2009.

It is the rising food prices, the low stocks and the increase of needy people that have triggered this development. In 2006 13 million EU citizens benefited from the program. The Commission estimates that 43 million people are at risk of food poverty in the Union today.

Includes PSD Changes: No
Includes Trade Matrix: No
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The European Commission has proposed to improve the current food distribution program for the Most Deprived persons in the EU by increasing the budget by about two thirds to around €500 million from 2009. It also suggests an extension of the range of products which can be provided.

The food scheme was originally established in 1987 to allow Member States (MS) to release public stocks of surplus food for use as food aid. In the 1990s the scheme was amended to make it possible to supplement intervention stocks with market purchases in certain circumstances.

The situation has completely changed since 1987, the number of needy people has increased food prices have risen sharply and stocks are very low. In 2006 more than 13 million EU citizens benefited from this aid scheme, and the European Commission estimates that 43 million people in the EU are currently at risk of food poverty, meaning that they can not afford a meal with meat, chicken or fish every second day.

Over the last twenty years, the budget for Most Deprived food distribution program has grown from €97 million to over €300 million in 2008. It increased in the context of the 2004 enlargement, and again in 2006, when most of the new MS joined the program. Currently some 19 MS participate in the program.

The elements of the proposal are:

- **Two sources of supply:** Meaning food may be sourced either from intervention stocks or from the market. However, priority will be given to the use of suitable intervention stocks over supplies from the market.
- **Wider variety of foods to be distributed:** In order to improve nutritional balance the products would no longer be limited to intervention supplies. The food to be distributed would be chosen by each MS on basis of nutritional criteria and distributed in cooperation with civil society partners.
- **Long term perspective:** The food plan would be established for three years. The amounts of aid for second and third years would only be indicative and would have to be subsequently by the budgetary authority.
- **Clearer priorities:** MS would base their aid requests on national food distribution programs.
- **Co-financing:** Community co-financing rates would be 75 percent and 85 percent in MS eligible for funding from the Cohesion Fund for the 2010/12 plan. Subsequently, as of the 2013/15 plan the Community co-financing would be respectively 50 percent and 75 percent.
- **Reinforcing monitoring and reporting:** Reporting obligations at various levels would increase. The European Commission would have to report to the Parliament and the Council no later than December 31, 2012.

Budgetary implications for the proposed rules will start with the 2010 food distribution program and will be determined at the time that this program is drawn up.

The regulation shall apply in relation to three year plans starting on, or after, January 1, 2010.

The full proposal can be found at:

<http://register.consilium.europa.eu/pdf/en/08/st13/st13195.en08.pdf>

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